

4/14/10



Memorandum

TO: RULES COMMITTEE

FROM: Councilmember Sam Liccardo
Councilmember Pierluigi Oliverio

SUBJECT: NEWHALL PARK

DATE: March 23, 2010

APPROVED:

3-23-10

RECOMMENDATION

1. Direct City Manager and City Attorney to negotiate an agreement ("Agreement") with Sobrato Organization regarding the suspension of some portion its "parkland in-lieu" fee obligations from its Campbell Avenue development, in exchange for the funding of an equivalent amount for the ongoing, future allocation for maintenance and operations of the future park in the Newhall neighborhood.
2. In consultation with the City Attorney, bring to Council a proposal for approval of Agreement, and creation of a trust, or annuity, or other financial mechanism that would pay for ongoing maintenance and operations of the park in Newhall for a period not less than 20 years.
3. Commence a formal bidding process and construction of the park.

BACKGROUND

Having taken the proposed Newhall Park through final design, this long-awaited addition to the fast-growing Newhall neighborhood appears "shovel-ready." Due to a lack of funding for operation and maintenance, PRNS has recommended that the Council place the construction of the park on hold. The construction of several other parks remain stalled citywide. In light of the chronic budget deficits faced by the City, we will fail to build any parks in the next decade without a dedicated source of revenue for operations and maintenance.

Those maintenance costs—amounting to a modest \$20,000.00 annually—could be paid with funds contributed in lieu of PDO fees by a developer, Sobrato Organization, engaged in the planning process for a townhome project nearby. The City could direct those funds—perhaps \$400,000 of the \$1.3 million total PDO/PIO obligation—to an annuity, a trust, an endowment, or other financial vehicle for the payment of a stream of revenue to fund ongoing maintenance at the park.

After discussions with the City Attorney's office, it appears that we have an opportunity to explore this arrangement, and we could do so without running afoul of the Quimby Act. This approach may constitute the only realistic opportunity of moving forward on construction of Newhall Park.

We urge the full exploration of this opportunity, with the hope that we'll have a signed agreement to approve by this summer.